

**Working DRAFT - Not Yet Final**

**Comparison of Energize Colorado Gap Fund with CLIMBER Fund**

	<b>Energize Colorado Gap Fund (Gap Fund)</b>	<b>Colorado Loans to Improve Mainstreet Business Economic Recovery (CLIMBER)</b>
Mission/Purpose	Offering a path to economic mobility through grants and loans to Colorado sole proprietorship & small businesses that have little or no access to capital	Preserve existing, small businesses (& related jobs & tax revenues) across Colorado that were financially strong pre-COVID but need concessionary working capital to recover
Grants Funds available	\$20M	Not Applicable
Target Size of Loan Fund	\$5M (at launch), \$4M+ committed to date) 2020 goal \$10M	\$250M (\$0 raised to date) in 5 \$50M tranches
State Capital	\$1M/\$2.5M (at \$5M/\$10M)	\$50M
Fund Manager/Administrator	Energize Colorado/CHFA	CHFA
State Involvement	EDC Board member, OEDIT contract with CHFA, OEDIT support and coordination	Statutory oversight board appointed by the Governor, General Assembly and includes the Treasurer and the director of OEDIT's Minority Business Office; <b>Treasurer</b> sell tax credits and contracts with fund manager, close OEDIT and Minority Business Office involvement required by statute. Regular reports required to General Assembly.
Launch date for capital deployment	August 2020	September/October 2020
Small Business Borrower Employees	0 to 24	5 to 99
Eligible for-profit entity types	sole proprietorships and all CO registered domestic entities	CO registered domestic entities
Eligible nonprofit entity types	501(c)(3) charities, 501(c)(6) associations, 501(c)(19) veterans organizations, and tribal business concerns. Nonprofits supporting small businesses, tourism and those in the arts and cultural arenas not supported financially by the government will be prioritized.	Potentially Eligible but to be determined by the Oversight Board.
Active Investment Period	Grants through December 2020,	Through June 2022

	loans ongoing	
Loan Size	\$5,000 to \$20,000 (\$15K grant)	\$30,000 to \$500,000 (can be further refined by oversight board)
Loan Term	2-3 years	Up to 5 years
Grant Size	Up to \$15k	Not applicable
Payment Deferrals	4 months	Up to 1 year for principal/interest
Interest Rate to Borrowers	0% months 1-4, 1% months 5-12, 1.5% thereafter	1 to 3% [depending on cost of capital, must be below market by statute]
Security/Collateral Required for loans	Up to loan originator, vary case by case	Pari Passu with loan originators [other security requirements determined by oversight board]
Targeted Investors	Foundations, individual donors, bank CRA loans	Bank CRA investments (\$25 to \$5M per bank)
Coupon to be paid to investors	0%	1 to 3% [not yet finalized]
Coupon to be paid on state capital	Not Applicable	0%
Governance	8-member Executive Committee established by Energize Colorado	5-member Oversight Board established in statute governs the use of State dollars. Fund may establish its own investment committee. The State Treasurer is the chair of the oversight board.
Fund Activity	Provide 100% capital to originating lenders	Purchase loans from originating lenders % and terms TBD by the oversight board
Originating Lenders	Non-profit lenders/grantors, CDFIs, Business Loan Funds	Banks, Credit Unions, CDFIs and non-profit lenders
Purpose of Loans	Working Capital to support recovery from COVID recession	Working Capital to support recovery from COVID recession
Underwriting	Non-profit lenders, CDFIs, Business Loan Funds [upside for originating lender to reduce loan defaults]	Originating Lender, & additional active Underwriting by CHFA [originating lender will retain a portion of the loan ensuring strong underwriting]
EBITDA requirement for borrower	None	2 years pre-COVID
Debt Service Coverage of borrow	None	At least 1 to 1pre-COVID
First Loss Capital	16.67% using state funds and	20% using \$50M state funds,

	philanthropic money	\$10M per \$50M tranche
Underserved Communities	<p>Statutory Preferences on grants for Women, Minority, Vet owned businesses and rural and tourist related businesses</p> <p>Focus on businesses that did not receive PPP loans</p>	Must set targets for women, minority, vet owned and rural and report on achievement
State-Wide Service (Geographic Capital Allocation)	Yes	Yes (Must allocate funds to each county based on share of small businesses)
Origin Story	Conceived as recovery effort by Governor's Council on Economic Recovery and Growth (GCES&G)	
GCES&G Subcommittee	Small Business (Feld/Thiry)	Financial Services (Richardson/Kalin)